

AN ORDINANCE 2006-06-01-0650

ADOPTING TAX PHASE-IN GUIDELINES PENDING FUTURE REVISIONS BY CITY COUNCIL; AND AUTHORIZING THE CITY MANAGER TO ENTER INTO TAX PHASE-IN AGREEMENTS WITH KAUTEX, INC. FOR A TERM OF TEN (10) YEARS AND 100% ABATEMENT OF AD VALOREM TAXES AND METAKOTE CORPORATION FOR A TERM OF 10 YEARS AND AN 80% ABATEMENT OF AD VALOREM TAXES.

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WHEREAS, on January 8, 2004 the City Council adopted Tax Phase-In Guidelines (the "Guidelines") as required of taxing entities seeking to enter into tax abatement agreements by Section 312.002(a) of the Texas Tax Code; and

WHEREAS, by statute the Guidelines are effective for a period of two years; and

WHEREAS, the City Council wishes to adopt the Tax Phase-In Guidelines approved on January 8, 2004 until future revisions are made and approved through an official action of the City Council and to apply these Guidelines to tax abatement agreements entered into from January 8, 2006 forward; and

WHEREAS, in accordance with the Guidelines, City staff has evaluated tax abatement applications from Kautex, Inc. and Metakote Corporation, who are Tier 1 suppliers of Toyota Manufacturing, and who are individually seeking to locate to the Toyota Supplier Park which is within the City's Federal Empowerment Zone, thereby, automatically qualifying it as a Reinvestment Zone; and

WHEREAS, the tier-one Supplier Park project qualifies under the Guidelines as a Level 3 "exceptional investment" project, since the project collectively exceeds \$50,000,000.00 in total property investment and will create at least 500 permanent, full-time jobs; and

WHEREAS, the property is located south of Highway 90, thereby, qualifying it for a ten (10) year abatement under the Guidelines; and

WHEREAS, Kautex, Inc. has agreed to pay its employees no less than \$11.03 per hour thereby qualifying for a 100% abatement of ad valorem taxes on real and personal property improvements, inventory and supplies for a period of ten (10) years; and

WHEREAS, Metakote Corporation has agreed to pay its employees no less than \$9.06 per hour thereby qualifying for an 80% abatement of ad valorem taxes on real and personal property improvements, inventory and supplies for a period of ten (10) years; and

WHEREAS, the City Council finds that the proposed projects supports the City's Strategic Plan for Enhanced Economic Development by encouraging the attraction of new business to the targeted southern sector and promotes the growth of a targeted industry; and

WHEREAS, the City Council further finds that authorizing and approving the proposed tax phase-in agreements is a reasonable incentive to induce tier-one Toyota suppliers to locate in the area; and

WHEREAS, the City Council also finds that it is in the best interest of the City to approve these tax phase-in agreements to induce the desired and beneficial economic development in the area;
NOW THEREFORE:

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. The City Council hereby adopts the Tax Phase-In Guidelines approved on January 8, 2004 by City Ordinance No.98692 as the City's 2006 Tax Phase-In Guidelines pending future revisions by the City Council. The adopted guidelines are attached as Exhibit A.

SECTION 2. The City Council hereby approves the terms and conditions of a Tax Phase-In Agreement with Kautex, Inc. granting a one-hundred percent (100%), ten- year abatement of ad valorem taxes on real and personal property improvements, inventory and supplies.

The City Council also approves the terms and conditions of a Tax Phase-In Agreement with Metakote Corporation granting an eighty-percent (80%), ten- year abatement of ad valorem taxes on real and personal property improvements, inventory and supplies.

SECTION 3. The City Manager or a designated representative is authorized to execute tax phase-in agreements as approved in Section 2. The final agreements shall be filed with this ordinance upon execution. Such agreements shall be substantially in the forms of Exhibit B and C attached hereto and made a part of this ordinance.

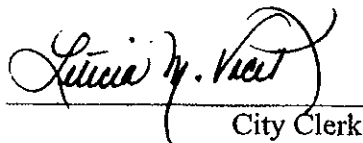
SECTION 4. This ordinance shall be effective on and after the tenth day after passage.

PASSED AND APPROVED this 1st day of June 2006.


M A Y O R

PHIL HARDBERGER

ATTEST:


City Clerk

APPROVED AS TO FORM:


for City Attorney